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Attorneys for Applicant Corporate Finance Partners Mid Cap GmbH

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION**

<b>IN RE:</b>	§	<b>Case No. 08-36705</b>
	§	
<b>SUPERIOR AIR PARTS, INC.</b>	§	<b>Chapter 11</b>
	§	
<b>Debtor.</b>	§	

**FEE APPLICATION COVER SHEET**

First and Final Fee Application of Corporate Finance Partners Mid Cap GmbH from inception to September 28, 2009.

Capacity: Investment Consultants for Debtor; Counterparty to Assumed Executory Contract

Chapter 11

Debtor/Case: Superior Air Parts, Inc. 08-36705

Retainer Received (and applied): None

Amount Previously Paid: -0-

Applicant seeks first and final approval and allowance of fees of \$210,000 and expenses of \$20,871.65 pursuant to an Engagement Letter (Advisory Assignment) in respect of services performed from June 2008 (prior to inception of this case on December 31, 2008) through September 28, 2009, the Effective Date of the Third Amended Joint Plan of Reorganization. Applicant requests that the Debtor be authorized and ordered to pay Applicant approved fees and expenses in the aggregate amount of \$230,871.65. A detail of this amount follows:

Payment Amount Requested

Fees: \$210,000.00

Expenses: \$ 20,871.65

Sub-total: \$230,871.65

Total Payment Requested: \$230,871.65

Expenses

Copies per page: \$N/A

Faxes per page: \$N/A

Other (specify:) See Application at  
Paragraph 20 and Exhibit F

Dated: Berlin, Germany  
October 28, 2009

BECKER, GLYNN, MELAMED  
& MUFFLY LLP  
Counsel for Applicant

/s/ Daniel Schenk  
Daniel Schenk,  
Managing Director of Applicant

By: /s/ Chester B. Salomon  
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Attorneys for Applicant Corporate Finance Partners Mid Cap GmbH

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<b>IN RE:</b>	§	<b>Case No. 08-36705</b>
	§	
<b>SUPERIOR AIR PARTS, INC.</b>	§	<b>Chapter 11</b>
	§	
<b>Debtor.</b>	§	

**FIRST AND FINAL APPLICATION OF  
CORPORATE FINANCE PARTNERS MID CAP GMBH  
FOR COMPENSATION AND REIMBURSEMENT OF EXPENSES**

**ANY OBJECTION OR RESPONSE TO THE APPLICATION  
FILED HEREIN MUST BE IN WRITING AND FILED WITH THE  
CLERK OF THE UNITED STATES BANKRUPTCY COURT AT  
1100 COMMERCE STREET, DALLAS, TX 75242, BEFORE THE  
CLOSE OF BUSINESS ON OR BEFORE TWENTY (20) DAYS  
FROM THE DATE OF SERVICE HEREOF. A COPY MUST ALSO  
BE SERVED UPON COUNSEL FOR THE APPLICANT PRIOR TO  
THE DATE AND TIME SET FORTH HEREIN. A HEARING  
WILL TAKE PLACE AT 9:00 A.M. ON WEDNESDAY,  
NOVEMBER 25, 2009 IN THE UNITED STATES BANKRUPTCY  
COURT FOR THE NORTHERN DISTRICT OF TEXAS, DALLAS  
DIVISION, 1100 COMMERCE STREET, ROOM 1424, DALLAS,  
TX, 75242-1496.**

**TO: THE HONORABLE BARBARA J. HOUSER,  
UNITED STATES BANKRUPTCY JUDGE**

Corporate Finance Partners Mid Cap GmbH (“CFP” or “Applicant”), approved Investment Consultant for Superior Air Parts, Inc. (“Superior” or “Debtor”), respectfully submits its First and Final Application for Compensation and Reimbursement of Expenses, as follows:

**Background, Applicant’s Retention, and Assumption of  
Applicant’s Engagement Letter Agreement**

1. Applicant hereby seeks final approval and allowance of fees of \$210,000 and expenses of \$20,871.65 for services performed from the commencement of Applicant’s engagement as of June 2008 through September 28, 2009, the Effective Date of the Debtor’s Plan and the payment of \$230,871.65 in fees and expenses. These amounts include all fees and expenses incurred during the case as detailed below.

2. On December 31, 2008, the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtor continued to operate its business and manage its properties and assets as a debtor-in-possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code. A Creditors’ Committee has served in the case. No chapter 11 trustee or examiner has been appointed in the case.

3. Superior is a Texas corporation with its offices and operating facilities located in Coppell, Dallas County, Texas. It was founded in 1967 in order to supply the United States Air Force and commercial customers with replacement parts for piston powered aircraft engines. Superior is one of the largest suppliers of parts under Federal Aviation Administration’s (“FAA”) Parts Manufacturer Approval (“PMA”) regulations

for piston engines. It provides Superior-brand parts for engines created by two primary original equipment manufacturers (“OEMs”), the Continental division of Teledyne, Inc. and the Lycoming division of Textron, Inc. (the “Parts Business”). Its customers are companies that perform maintenance and overhaul work in the general aviation industry. Superior is also an OEM for the (i) 180-horsepower Vantage Engine and (ii) Superior or owner-built XP-360 Engine for various aircraft companies (the “Engine Business”).

4. In 2006, 100% of the ownership interests of Superior was acquired by Thielert, AG (“Thielert”), a German corporation based in Hamburg, Germany. Also in 2006, Thielert purchased the debt of Superior’s senior secured lender and subordinated lenders secured by substantially all of the Debtor’s assets. At filing the outstanding indebtedness to Thielert was approximately \$10 million.

5. On April 30, 2008, Thielert filed an insolvency proceeding in Hamburg, Germany and Dr. Achim Ahrendt was appointed as the preliminary Insolvency Administrator. Dr. Ahrendt determined that it was in the best interest of Thielert and Superior to sell Superior or its assets. In May 2008, Thielert engaged CFP to serve as investment advisor and to seek possible suitors for Superior. As part of the engagement Thielert agreed to pay Applicant a retainer of 15,000 Euros per month plus a success fee by September 2008. Thielert paid CFP 55,000 Euros on account of the monthly retainer. As the proposed transaction moved from a stock sale by Thielert to an asset sale by Superior, it became necessary for Superior to become the contracting party. As stated in further detail below, Applicant negotiated with Superior compensation consisting only of the success fee at the same percentages as in the Thielert engagement. CFP canvassed the market, negotiated with numerous potential purchasers, and enabled interested parties

to conduct substantial due diligence. As described below, Superior entered into an asset purchase agreement on December 30, 2008 with Avco Corporation (“Avco”), a wholly-owned subsidiary of Textron, Inc., the highest bidder then to date, pursuant to which the purchaser agreed to buy substantially all of Superior’s assets for \$11.5 million. CFP negotiated the business and financing terms of the sale.

6. In or about October 2008 prospective bidders said that one of the conditions of the purchase agreement was that it be consummated through a Chapter 11 bankruptcy proceeding and Section 363 asset sale. The Chapter 11 case was filed to liquidate the assets of Superior and to obtain the highest and best price for creditors, either through the purchase agreement with Avco, or a public auction.

7. Pursuant to Order, entered February 20, 2009, (I) Approving Employment of Corporate Finance Partners Mid Cap GmbH as Investment Consultant for the Debtor and (II) Authorizing Assumption of Executory Contract with Corporate Finance Partners Mid Cap GmbH, Applicant was employed as Investment Consultant under Section 327 of the Bankruptcy Code and its Engagement Letter (Advisory Assignment) was assumed as an Executory Contract pursuant to Section 365 of the Bankruptcy Code.

8. Annexed hereto as Exhibit A is a copy of the Order entered on February 20, 2009. Annexed hereto and incorporated herein as Exhibit B is a copy of the Engagement Letter (Advisory Assignment), signed by Superior in December 2008 but effective in June 2008, that was assumed under Exhibit A. Exhibit B was attached to the Debtor’s (I) Application to employ CFP as Investment Consultants and (II) Motion to Assume Executory Contract with CFP, dated and filed January 7, 2009.

9. CFP, with its principal place of business in Berlin, Germany, is an internationally recognized consulting firm specializing in mergers and acquisitions, in particular turnaround situations, refinancing, joint ventures, sales of going concerns, and liquidation of assets of financially troubled companies. CFP operates several offices in Europe (Berlin, Frankfurt and Vienna) and the United States (Miami and Mountain View). CFP also has a strong track record of arranging sale transactions in Chapter 11 style proceedings. For example, CFP assisted in some of the largest bankruptcy cases in Germany, such as marketing and selling one of Germany's largest bankruptcy Debtors in 2007, Schieder Mobel Holding (12,000 staff, EUR 800 million sales) ("SMH Group"). CFP sold substantial parts of SMH Group out of bankruptcy, generating significant proceeds for the bankruptcy estate and its creditors.

10. For more than six months prior to Superior's filing, CFP provided extensive services, culminating in an executed Asset Purchase Agreement ("APA") with Avco, on December 30, 2008. Beginning in or about June 2008, CFP organized and structured the entire M&A process regarding Superior, drafted supporting transaction documentation, approached potential investors and generated interest in Superior from various potential Buyers. CFP maintained contact with investors, organized due diligence, led the most serious and interested Buyers through due diligence, assisted in the negotiation of Letters of Intent with potential Buyers, and assisted with asset purchase sale agreements. The CFP team, led primarily by Managing Director Daniel Schenk, spent over five hundred hours, including time in the United States at Superior's facilities in Coppel, Texas, Superior's counsel's offices in Austin and Dallas, and other U.S.

locations for meetings with investors and to implement the M&A process. By the filing date, the M&A process included:

(a) Beginning in mid-2008 CFP identified 76 potential investors (from Superior's industry, related industries, as well as financial investors) world-wide, approached those investors, provided initial information about Superior as well as discussed with the investors their potential interest in acquiring Superior. Brantly International Inc. ("Brantly") of Vernon, Texas, whose affiliate ultimately purchased the Debtor's assets through the Plan, later was added to the list after Applicant had its first contact on December 31, 2009.

(b) 11 investors showed an initial interest and entered into Confidentiality Agreements with CFP. To those investors a detailed information package was made available and CFP requested those investors to submit an offer.

(c) By the date of filing, four offers were received and due diligence was provided to those investors, including access to a data room, containing detailed financial, operating and legal information, and discussions with Superior management. In February 2009 CFP clarified Brantly's interest and ascertained its financial capacity. Thereafter, CFP requested Superior's counsel to follow up and counsel did so.

(d) Annexed hereto and incorporated herein as Exhibit C is the index to the data room established by Applicant. Annexed hereto and incorporated herein as Exhibit D are the common questions and answers as prepared by Applicant. Applicant is advised and believes that the data room, which was downloaded onto a CD ROM disk, was sent by Debtor's counsel to Brantly's counsel.



(e) By the filing date, the two most interested and serious parties were Textron Inc. and Teledyne Technologies, Inc. As stated above, both demanded that Superior file for Chapter 11. The principal benefits of dealing with these parties were the purchase price being discussed and their capacity to consummate a transaction such as Superior without a financing contingency (i.e. to provide maximum closing certainty). Parallel negotiations and confirmatory due diligence were pursued. CFP handled this stage of the transaction process and the confirmatory due diligence phase, for which substantial additional information had to be prepared. Consequently, with two major investors interested, a competitive bidding scenario was created through February 2009.

(f) With these two entities, CFP structured and arranged to enter into a non-exclusive Letters Of Intent with the two bidders and supported Strasburger & Price LLP in the negotiations of an Asset Purchase Agreement ("APA") after their extensive due diligence.

(g) The Asset Purchase Agreement with Avco was fully negotiated by Applicant and executed by the time of the Chapter 11 filing.

The Engagement Letter (Advisory Assignment) and  
Subsequent Developments

11. Pursuant to the Engagement Letter, Applicant was engaged to support Superior throughout the sale process in seeking to consummate a Transaction. Para. 1. At no time did either the Debtor or CFP seek to terminate the engagement. Para. 2. The fee agreed to paid under the Engagement Letter was 3% of the "Transaction Value" up to \$10 million with escalating percentages thereafter. Para. 3.1. The 3% rate is

almost half the 5% standard rate of CFP for a M&A transaction. Had the Avco transaction closed, applicant would have earned a fee of \$375,000, consisting of 3% of \$10 million (\$300,000) and 5% of \$1.5 million (\$75,000), plus expenses.

12. Unfortunately, neither the Avco Transaction nor a competitive bid made by Teledyne were consummated. Despite hundreds of hours of effort by CFP from inception and Committee support for the Avco sale, an objection to the sale was lodged by a small creditor of the estate, and federal and state antitrust agencies were notified of the proposed sale and indicated preliminary objections. Those antitrust objections apparently caused the bidders to not pursue their bids. On or about February 27, 2009, the Debtor withdrew its motion to sell the Debtor's assets.

13. Even as Avco was signing its Asset Purchase Agreement, CFP continued to assist in pursuit of a sale, including communicating preliminarily with Brantly. Under Para. 3.4 of the Engagement Letter, CFP did not have to do so in order to be entitled to a fee. Section 3.4 states:

"CFP will remain entitled to the Success Fee, if, within 12 (twelve) months following the termination of the Engagement Letter, a Transaction is consummated as described in Paragraph 3.2 and 3.3, to a buyer who, during the term of the Engagement Letter, expressed interest in writing, signed confidentiality agreement, and received the information memorandum"

14. The entity that ultimately acquired Superior on September 28, 2009 was an affiliate of Brantly. Brantly satisfied the terms of Para. 3.4 of the Engagement Letter. Concurrently with the signing of Avco Asset Purchase Agreement, Brantly's representative contacted Applicant by email on December 30, 2008 and Applicant immediately notified Debtor's counsel of Brantly's stated interest. At the time, the Chapter 11 petition was being filed and the Avco deal and proposed bidding procedures were about to be presented to the creditors and the Bankruptcy Court. Brantly did not

seek to participate in the bidding procedures and it did not contact Applicant again until mid-February 2009, on the eve of the auction sale. In February 2009 Applicant requested the Debtor's representatives to contact Brantly. In due course, counsel communicated with Brantly. Also Applicant has been advised that Brantly was introduced to a bidder for the Parts Business.

15. Further communications and steps were taken between February and May 2009. Applicant spoke weekly with Superior's counsel.

16. After the Avco deal collapsed, in March 2009 Applicant discussed with Superior's counsel a possible bidder in Taiwan and provided counsel with contact information and that it communicate with the Taiwanese firm. CFP recently learned that the Parts Business bidder was discussing a joint bid with Brantly, which was initially interested in the Engine Business. CFP was not invited to assist in those negotiations. At that time CFP was advised that Thielert and the Debtor were concerned about the mechanics of splitting the Parts Business from the Engine Business, and that they had significant concerns about the financial viability of the Parts Business bidder. In May 2009 Superior's counsel began discussions with Brantly's counsel encouraging Brantly to bid for all Superior's assets and business. A critical tool employed by counsel was Applicant's CD ROM of the data room.

#### Factors Supporting Allowance of Compensation

17. Unequivocally, Applicant set the stage for the ultimate sale to Brantly. Although Applicant did not remain as active after the Avco Asset Purchase Agreement

collapsed, Applicant was instrumental in introducing Debtor's counsel to Brantly and negotiated the Avco deal that served as the template for the Brantly sale that was effectuated in the months between June and September 2009. By the time that Brantly came into the picture, Superior had been extensively marketed by Applicant. Beginning in at least February 2009, Applicant's work product facilitated in the negotiations for the sale of Superior to Brantly.

18. Although CFP was not engaged on a fixed compensation basis (such as with attorneys and accountants for the Debtor and the Committee), it is noteworthy that Applicant expended hundreds of hours in performing its duties. Just the two principal executives working on the engagement, Daniel Schenk and Fabian Pohl, spent almost 500 hours from May 2008 through February 2009. Attached as Exhibit E is a summary of time from May 2008 to March 2009.

19. Further, in requesting a fee of only \$210,000 Applicant is not seeking compensation for the liabilities assumed by Brantly's affiliate as part of the acquisition of Superior. According to Para. 3.2 of the Engagement Letter, Applicant would be entitled to a percentage of assumed liabilities in addition to the Cash Purchase Price. Those liabilities include the assumption of claims and defense costs under insurance policies (c. \$3 - 5 million), purchase orders (c. \$5.3 million), the lease with Texas Duggan Limited Partnership (c. \$426,000), and warranty obligations (actual warranty claims of c. \$285,000). If those liabilities were added to the cash component of Brantly's Purchase price, CFP's fee request would more than triple the \$210,000 applied for herein.

20. Annexed hereto and incorporated herein as Exhibit F is a copy of a statement of expenses sent to the Debtor on June 26, 2009 encompassing all unpaid

expenses incurred during the term of CFP's engagement. Exhibit F refers Euros, which presently trade at approximately \$1.50 to the Euro. The charges in Euros are:

Data room charges	€801.91
Travel	€9,512.40
Fax, telephone, cell phone charge for six months	<u>€3,600</u>
TOTAL	€13,914.31

Converting Euros to Dollars at a \$1.50 rate, Applicant seeks reimbursement of \$20,871.65 in expenses.

21. Addressing the factors considered in the 5<sup>th</sup> Circuit for fee applications, Applicant states the following:

(a) Time and Labor Required: Attached is a summary of time devoted through February 2009 showing 500 hours spent by professionals employed by CFP. Time is customarily recorded on a weekly basis. Applicant's engagements are not measured by an hourly rate. Commonly there is a flat rate and/or a contingency fee negotiated with clients. In light of the Engagement Letter, the compensation sought in this Application is not directly related to the hours spent by CFP's professionals.

(b) The size of the fee is commensurate with the novelty and difficulty of the questions presented in this case: This was very challenging representation for the Debtor, the Creditors Committee and their professionals. As stated above, a 3% contingency is modest for an assignment such as this. Applicant spent significant time and resources finding and working with prospective purchasers and their representatives in this complex and highly regulated industry. As the collapse of the Avco sale was

imminent, Applicant learned about Brantly and took appropriate steps to pursue that lead. The lead resulted in a \$7 million benefit to the estate and its creditors.

(c) The skill requisite to perform investment consulting services: The sale of Superior required a high degree of skill, sophistication and experience. The creation of the data room and the questions and answers summary demonstrated Applicant's skill.

(d) Preclusion of other employment: This representation did not preclude Applicant from accepting other cases.

(e) Customary fee: As indicated in (a) above, a contingency fee is customary for this type of assignment.

(f) Whether the fee is fixed or contingent: Contingent. Applicant was engaged to performed services to facilitate a sale. The services were performed and the sale took place. As set forth above, Applicant was involved in all material aspects of the solicitation and sale of Superior.

(g) The amount of time involved and the results obtained: Even if hundreds of hours were not devoted to the Superior deal, under common practice Applicant would be entitled to its agreed fee. Here Applicant should be credited and compensated for having set the stage for Superior's sale and for Applicant's involvement when Brantly expressed its interest in Superior.

(h) The experience, reputation and ability of the professionals who performed services in the case: As indicated in Mr. Schenk's Rule 2014 affidavit filed at the inception of the case, Mr. Schenk is a highly experienced and effective advisor to companies and insolvency administrators.

(i) The undesirability of the case: The representation was not undesirable. However it involved challenging issues.

(j) Awards in similar cases: The compensation requested is comparable to compensation in other cases of the size and complexity of Superior's Chapter 11 case.

WHEREFORE, Applicant requests an award of final compensation of \$210,000 for professional services performed from June 2008 to the Effective Date of the plan; reimbursement of expenses in the amount of \$20,871.65 as detailed in this application and Exhibit E hereto, a direction that the Debtor pay Applicant approved fees and expenses in the amount of \$230,871.65, and such other and further relief as is just.

Dated: Berlin, Germany  
October 28, 2009

BECKER, GLYNN, MELAMED  
& MUFFLY LLP  
Attorneys for Applicant

CORPORATE FINANCE ET AL  
Applicant

By: /s/ Chester B. Salomon  
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By: /s/ Daniel Schenk  
Daniel Schenk,  
Managing Director

# **EXHIBIT A**





**ENTERED**  
TAWANA C. MARSHALL, CLERK  
THE DATE OF ENTRY IS  
ON THE COURT'S DOCKET

The following constitutes the ruling of the court and has the force and effect therein described.

Signed February 18, 2009

  
United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION

IN RE:

SUPERIOR AIR PARTS, INC.

DEBTOR,

§  
§  
§  
§  
§  
§

CASE NO. 08-36705

CHAPTER 11

**ORDER (I) APPROVING EMPLOYMENT OF CORPORATE FINANCE  
PARTNERS MIDCAP GMBH AS INVESTMENT CONSULTANT FOR THE  
DEBTOR (II) AUTHORIZING ASSUMPTION OF EXECUTORY CONTRACT  
WITH CORPORATE FINANCE PARTNERS MIDCAP GMBH**

On this day, came on for consideration of the Debtor's (I) Application to Employ Corporate Finance Partners Midcap GmbH ("CFP") to serve as Investment Consultants and (II) Motion to Assume Executory Contract with Corporate Finance Partners Midcap GmbH ("Application"), as more particularly set forth in the Application. No notice of hearing on said Application need be given and no objections have been filed that have not been withdrawn. The Debtor and CFP have represented to this Court that CFP holds or represents no interest adverse to the Debtor or its estate, that it is is

disinterested, and that its employment is in the best interest of the estate. It is therefore  
**ORDER (I) APPROVING EMPLOYMENT OF CORPORATE FINANCE PARTNERS MIDCAP GMBH AS  
INVESTMENT CONSULTANT FOR THE DEBTOR (II) AUTHORIZING ASSUMPTION OF EXECUTORY  
CONTRACT WITH CORPORATE FINANCE PARTNERS MIDCAP GMBH- page 1 of 2**

ORDERED, that the Debtor is hereby authorized to employ Corporate Finance Partners Midcap GmbH, in the capacities and on the terms set forth in the Services Agreement attached as *Exhibit A* to the Application, pursuant to 11 U.S.C. § 327(a), with all fees payable subject to interim and/or final application to and approval of this Court; and it is further

ORDERED, that CFP shall comply in all respects with N.D. TX L.B.R. 2016.1 and the Rules of the Court as set forth in the United States Bankruptcy Court Northern District of Texas Attorney Desk Reference, including Appendix B thereof; it is further

ORDERED, that the Debtor is authorized to assume the executory contract with CFP and that no cure provisions are required.

##END OF ORDER##

Order submitted by:  
/s/ Duane J. Brescia  
Stephen A. Roberts  
Duane J. Brescia  
Strasburger & Price, LLP  
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Austin Texas, 78701  
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# EXHIBIT B



## CORPORATE FINANCE PARTNERS

CFP MidCap GmbH - Torstr. 35 - 10119 Berlin

Kent Abercrombie  
President/CEO  
Superior Air Parts Inc.  
621 S. Royal Lane, Suite 100  
Coppell, TX 75019-3805  
USA

### Corporate Finance Partners

#### MidCap GmbH

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Tel: +49 30 4979999 60  
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Email: mcap@cfpartners.com

Web: www.cfpmldcap.com

#### Daniel Schenk

Managing Director

Mob: +49 172 1985 861

Effective as of June 2008

### **ENGAGEMENT LETTER (Advisory Assignment)**

between

#### **Superior Air Parts Inc.**

- hereinafter referred to as "SAP" -

and

#### **Corporate Finance Partners Midcap GmbH**

Berlin, Germany

hereinafter referred to as "CFP"

subject to the approval of

#### **Thielert AG**

**represented by Dr. Achim Ahrendt**

in his function as its

(preliminary) Insolvency Administrator

- hereinafter referred to as "TAG or the Company" -

#### **Preamble:**

- (i) Superior Air Parts Inc. (SAP) is a 100% subsidiary of TAG. TAG has filed for insolvency and is represented by the insolvency administrator Dr. Achim Ahrendt. Superior Air Parts Inc. is not under insolvency protection.
- (ii) CFP has worked since ~~June 2007~~ <sup>May 2008</sup> on a potential sale of SAP on behalf of SAP owner as well as SAP major creditors.
- (iii) Investors, through Corporate Finance Partners (CFP) have approached SAP as well as TAG in order to acquire SAP or major assets of SAP, most preferably via a Chapter 11 procedure, a so called pre-packaged bankruptcy.

- (iv) CFP is therefore engaged by SAP to assist in the sale of assets by SAP, potentially via Chapter 11 and maximize value to Superior's creditors (the "Transaction")
- (v) TAG and its subsidiary Thielert Aircraft Engines GmbH are by far the major creditors of SAP with a combined claim of approx. USD 26 million outstanding.
- (vi) Any fees for services rendered by CFP shall be paid directly by SAP to CFP. In case of a Chapter 11 procedure, any fees due to CFP shall be paid prior to distribution to Creditors, subject to approval of the Bankruptcy Court and the Creditors.
- (vii) CFP will work closely with SAP's retained law firm Strasburger, namely Mr. Stephen Roberts with respect to a potential Chapter 11 procedure.

CFP, Thielert AG and SAP (hereinafter together referred to as "the Parties") hereby agree to the following:

## **1. Scope of Advisory Assignment**

- 1.1. CFP will, as advisor, support SAP throughout the sales process as described in the Preamble (hereinafter referred to as "Advisory Assignment").
- 1.2. This Advisory Assignment includes the obligation to provide the following services:
  - (i) organization and management of the Transaction,
  - (ii) identification and contact of potential buyers,
  - (iii) preparation of a short profile and further supporting documentation,,
  - (iv) support with management presentations,
  - (v) obtain and verify Transaction offers from potential buyers, provide support in the assessment of these offers,
  - (vi) support and organize due diligence activities, including the set-up and management of a data room,
  - (vii) assistance and support with Transaction negotiations with potential buyers.
- 1.3. It is hereby noted that CFP will not render accounting, legal or tax advice. The valuation advice provided by CFP will be given on the understanding that, unless expressly agreed in writing, CFP does not accept responsibility for the accounting or other data and commercial assumptions on which such a valuation is based, the assessment and evaluation of which remain to be SAP's responsibility respectively.
- 1.4. Other possible advisory services which should be performed by CFP shall be binding only after consultation with SAP and confirmation by CFP either in writing, by facsimile, or e-mail prior to the beginning of the Advisory Assignment.

## **2. Duration / Timetable / Termination**

- 2.1. The duration of the Advisory Assignment depends upon the realization of the objectives defined in the Preamble.
- 2.2. This Engagement Letter may be terminated at any time by the parties upon their mutual agreement or terminated by one of the parties by 30-days' notice. Any such termination must be done in writing. Any liabilities or obligations, which may have arisen under this Engagement Letter prior to termination, will not be affected by the termination.
- 2.3. The right to terminate this Engagement Letter for significant reasons remains unaffected.

### 3. Compensation

3.1. In the event of consummating a Transaction *CFP* shall be entitled to a one-time success fee (hereinafter referred to "Success Fee"). *CFP* shall receive the Success Fee upon consummation of a Transaction.

The consummation (signing of a binding agreement and receipt of respective cash proceeds from the Transaction by *SAP*, or by the Bankruptcy Estate in case of a Chapter 11) of a Transaction is defined as:

- i. the sale or disposal of *SAP*'s assets or parts of it, and/or;
- ii. the sale or disposal of the business operations of *SAP* or a significant portion of the business operations, contributed to a corporate joint venture with a third party, and/or;
- iii. the merging of *SAP* with the business operations of a third party, and/or;
- iv. any other binding agreement entered into between the company and a third party as a result of the services rendered by *CFP* according to this Advisory Assignment, including, but not limited to, the equivalent to a disposal of *SAP* or assets of *SAP* from a commercial point of view.

The Success Fee payable to *CFP* upon consummation of the Transaction will be calculated based on an escalating schedule, i.e. a higher percentage applicable to the amounts for which defined hurdle amounts are being overachieved, and be based on the following schedule:

#### Transaction Value

from US\$ m	to US\$ m	Fee Percentage
0	10	3%
10	12	5%
12	17	7.5%
above	17	10%

For the avoidance of doubt; the respective percentage is always applicable to the amount exceeding the hurdle amount; and the Transaction Value calculates as follows:

- 3% on the first USD 10 million of Transaction Value
- 5% on the next USD 2 million, i.e. from USD 10m to 12m
- 7,5% on the next USD 5 million, i.e. from USD 12m to USD 17m
- 10% on every USD exceeding the amount of USD 17m

3.2. The "Transaction Value" as mentioned above includes:

- (i) The agreed purchase price for the disposed assets and as prescribed in a binding agreement, in particular any fixed assets, any Intellectual property, inventory as well as other current assets, whereas accounts receivable and cash are excluded from the definition of the Transaction Value.

- (ii) Any liabilities of SAP that might be taken over (applicable if there is no Chapter 11 procedure) by the acquirer.
  - (iii) In addition to the consideration immediately due upon consummation of the Transaction, the Transaction Value shall include installment, contingent, escrow payments (e.g. Earn-out) or similar future payments granted by the acquirer to the Company for the stakes of for any major assets that may be sold separately post Closing of a transaction and for which SAP or the Creditors will receive proceeds. In the event future payments are made to the company be it installment, contingent, escrow payments or any other delayed payments.
- 3.3. If more than one agreement or Transaction is consummated the cumulative amount of the consideration of such agreements and/or Transactions shall apply to determine the Transaction Value as described in paragraph 3.2/3.3..
- 3.4. CFP will remain entitled to the Success Fee, If, within 12 (twelve) months following the termination of this Engagement Letter, a Transaction is consummated as described in Paragraph 3.2 and 3.3. to a buyer who, during the term of the Engagement Letter, expressed interest in writing, signed confidentiality agreement, and received the information memorandum. Paragraph 3.4 and 3.5 remain in effect and shall also apply.
- 3.5. All reasonable travel and other out-of-pocket expenses incurred by CFP in connection with the Advisory Assignment, including the costs and expenses of external advisors (such as accountants, lawyers etc.) whose engagement has been previously approved in written by the company, will be reimbursed separately from time to time, upon request.
- 3.6. All fees, reimbursements of expenses and other sums payable to CFP are due upon receipt of.

#### **4. Information and Confidentiality**

##### **4.1. Information**

- 4.1.1. SAP will ensure to keep CFP at any time fully informed of all strategies, developments and discussions relevant to the Advisory Assignment and that no initiatives relevant to the Advisory Assignment will be taken without prior consultation with CFP. SAP will provide CFP with, and give access to, all information which is relevant for the purposes of the Advisory Assignment.
- 4.1.2. CFP will assume that all information provided by SAP, the Company and its advisors (hereinafter referred to as the "Information") is correct. CFP is not obliged to verify that the Information is true, accurate and complete or is in no way misleading. SAP agrees to indemnify and hold harmless CFP from any and all claims from third parties resulting from incorrect, incomplete, or misleading Information.

##### **4.2. Confidentiality**

- 4.2.1 CFP shall keep the Information strictly confidential and use the Information solely in respect to the Advisory Assignment. This shall not apply to any such information, which:
  - (i) is already in the public domain at the time of disclosure by SAP, TAG or any of its advisors or has entered the public domain thereafter without any failure to act by CFP, or

- (ii) Is already known to *CFP* at the time of disclosure by *SAP*, *TAG* or any of its advisors and has not previously been obtained by *CFP* either directly or indirectly from the administrator/the company or any of its advisors, or
- (iii) has been made accessible to *CFP* after disclosure by *SAP*, the Company or any third party having no obligation of secrecy to the administrator/the company with respect thereto.

4.2.2 *CFP* is allowed to make available the Information to other individuals within its organization to the extent necessary for the fulfillment of the Advisory Assignment. *CFP* has taken all necessary precautions, which can reasonably be expected to prevent these persons from using the Information for themselves or for others or from passing on the Information to any third parties, unless necessary in respect to the Advisory Assignment. *CFP* assumes responsibility for violation of the confidentiality provisions of this Engagement Letter or misuse of the Information by its employees.

4.2.3 Any obligation resulting from 4.2 shall remain valid even in the event of the termination of this Engagement Letter.

## 5. Publications and Compliance

- 5.1. The parties will make sure that throughout the duration of this Engagement Letter detailed public statements or other publications and documents concerning the Advisory Assignment or relating to it will neither be made nor published without prior consultation with the other party. The Parties will also ensure that any such statement, publication or other documents will be in any case complete, correct and not misleading and, where appropriate, will contain all information and expressions of opinion necessary for legal or regulatory purposes and all such opinions will be honestly held and given after due and careful consideration. All parties will comply with all applicable legal and regulatory provisions.
- 5.2. Advice (including any opinion or report), whether written or oral given by *CFP* to *SAP*, or any communications between *CFP* and *SAP* in connection with the Advisory Assignment may only be used and relied upon by *SAP/TAG* and may not be used or relied upon by any third party and may not be disclosed to any third party without the prior written approval of *CFP*.
- 5.3. Subject to prior written consent from *SAP/TAG* (such consent may not be unreasonably withheld), *CFP* may place advertisements in financial and other newspapers and journals at *CFP's* expense describing *CFP's* involvement in any transaction resulting from its engagement under this Engagement Letter and its services rendered.

## 6. Indemnification / Liability

- 6.1. *SAP/TAG* agree to indemnify and hold harmless *CFP* from any and all claims of third parties, damages, costs and expenses (hereinafter together or separately referred to as "Disadvantages") that may arise in the course of the performance of this Advisory Assignment or in connection herewith. This indemnification does not extend to Disadvantages caused willfully or gross negligently by *CFP*. *CFP* will immediately inform *SAP* if any claims are brought to its notice that may lead to a liability of *SAP*.
- 6.2. When providing services under this agreement *CFP* will exercise the care of a diligent businessman. Yet, should there be violations of its duties, *CFP* will be liable to *SAP* only in the event if *CFP*, its elements, or its employees caused detriment as a result of willful misconduct or gross negligence.
- 6.3. It is hereby noted that any evaluation of a company prepared by *CFP* is not an expert opinion as prepared by chartered accountants or tax consultants on the basis of the balance sheets or annual accounts. When assessing the value of companies



CFP will, in particular, not carry out an evaluation of the assets and liabilities of the relevant company as is done by chartered accountants; further, CFP will not review the tax position of the company to be evaluated.

It is further noted that both the evaluation of a company to be carried out by CFP as well as the calculation of an adequate purchase price are influenced by factors of which the relative weight can be objectively verified to a limited extent only, because their assessment is based to a high degree on the subjective opinion of CFP. These factors include, in particular, the assessment of the market, of the competitors and of the competitive environment and the prospects of the economy as a whole.

6.4. Any liability of CFP will become subject to a statute of limitations of two years after termination or expiration of this Engagement Letter.

## 7. Miscellaneous

7.1. This Engagement Letter shall be governed and construed in accordance with the laws of Germany. The Parties have agreed that in the event of any dispute, conflict or claim, they will: (i) attempt to resolve them by negotiations within ten (10) days of the date of such dispute, conflict or claim; (ii) in the event of any dispute, conflict or claim, which the Parties are unable to resolve by negotiations, the Parties shall refer such dispute, conflict or claim to German Arbitration Authorities, which shall appoint the arbitrator. If the claims of the party that has applied to the said authority are not recognized or not supported by the decision of this authority, the party that has applied to the authority shall cover any expenses of the other party incurred by the latter in connection with such arbitration..

7.2. Should any of the provisions of this Assignment prove to be invalid or impracticable, all other provisions will remain unaffected. The invalid or impracticable provisions will be replaced by the provisions the parties would have agreed upon had they foreseen the invalidity or impracticability of such provisions.

We confirm our agreement with the contents of this Engagement Letter.

Place, Date Coppell, TX 12-23-08  
[Signature], President  
(SAP)

Berlin, 22. December 2008

[Signature]  
(CFP) / Daniel Schenk

Corporate Finance Partners Midcap GmbH  
Torstr. 35 \* D-10119 Berlin  
Tel.: 030 497 9999-60  
Fax: 030 497 9999-67

[Signature]  
Gabriele Christian

approved by  
Place, Date \_\_\_\_\_

\_\_\_\_\_  
(TAG)

# EXHIBIT C

Project: Taurus2008

TYPE (F - Folder, D- Document)	Index	Title	Pages
F	1	Corporate Matters	
D	1.1	Certificate of restated articles of incorporation (updated)	7
D	1.2	Amended and restated by-laws	11
D	1.3	Officers	1
D	1.4	Minutes of the meeting of the board of directors	23
D	1.5	Jurisdiction	1
D	1.6	Shares outstanding	4
D	1.7	Share owner	1
D	1.8	Restrictions on the shares	1
D	1.9	Organizational chart	1
D	1.10	Previous names of the company	1
D	1.11	Superior Presentation	12
F	2	Financial Information	
F	2.1	Financials 2002	
D	2.1.1	Consolidated financial report as of December 31, 2002	22
F	2.2	Financials 2003	
D	2.2.1	Consolidated financial report as of December 31, 2003	22
F	2.3	Financials 2004	
D	2.3.1	Balance sheet as of December 31, 2004	1
D	2.3.2	Cash flow 2004	1
D	2.3.3	Income statement 2004	1
F	2.4	Financials 2005	
D	2.4.1	Balance sheet as of December 31, 2005	1
D	2.4.2	Cash flow 2005	1
D	2.4.3	Income statement 2005	1
F	2.5	Financials 2006	
D	2.5.1	Balance sheet as of December 31, 2006	1
D	2.5.2	Cash flow 2006	1
D	2.5.3	Income statement 2006	1
D	2.5.4	Monthly statements 2006	3
F	2.6	Financials 2007	
D	2.6.1	Balance sheet as of December 31, 2007	1
D	2.6.2	Cash flow 2007	1
D	2.6.3	Income statement 2007	1
D	2.6.4	Monthly statements 2007	6
D	2.6.5	Bad debt reserve analysis - December 2007	2
D	2.6.6	Supplier spend 2007	3
D	2.6.7	Usage 2007	34
F	2.7	Financials 2008	
D	2.7.1	Balance sheet as of June 30, 2008	1
D	2.7.2	Cash flow June 2008	1
D	2.7.3	Income statement June 2008	1
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D	2.7.5	Open orders as of June 07, 2008	13
D	2.7.6	Fixed assets as of 30 June 2008	27
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D	2.7.8	Accounts receivable analysis - June 2008	41
D	2.7.9	Inventory by PN - June 2008	37
D	2.7.10	Trial Balance - June 2008	5
D	2.7.11	Inventory by months on hand	32
F	2.8	Other Financial Information	
D	2.8.1	Sales by Customer 2003-2007	21
D	2.8.2	Balances of cash accounts	20
D	2.8.3	Allowance for bad debts	1
D	2.8.4	Inventory aging	1
D	2.8.5	Inventory net realizable value analysis	1
D	2.8.6	Current prepaids	7
D	2.8.7	Accrued liabilities	8
D	2.8.8	Risks attendant to foreign operations	1
D	2.8.9	Company pricing policies	1
D	2.8.10	Projected capital expenditures, depreciation and working capital arrangements	1
D	2.8.11	Outside financing assumptions	1
D	2.8.12	Current shares outstanding	1
D	2.8.13	Options, warrants, rights and any other potentially dilutive securities	1

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TYPE (F - Folder, D- Document)	Index	Title	Pages
D	2.8.14	Outstanding debt	1
D	2.8.15	Derivatives and any off balance sheet liabilities	1
D	2.8.16	Governmental grants outstanding	1
D	2.8.17	PL Analysis 2004-2007	2
D	2.8.18	2006-2008 Sales by Month	3
F	3	Human Resources	
D	3.1	Employee Listing	1
D	3.2	Collective bargaining agreements or labor union contracts	1
D	3.3	Labor unrest situations	1
D	3.4	Bonus plans	1
D	3.5	Group insurance	15
D	3.6	Any employment, consulting or deferred compensation agreements	1
D	3.7	Compensation policies	1
D	3.8	Confidentiality, noncompetition or similar agreements	1
D	3.9	Workers' compensation and unemployment compensation insurance obligations	1
D	3.10	Workers' compensation and employers liability insurance policy	22
D	3.11	Pending or threatened disputes, claims, litigation, or proceedings	1
D	3.12	Employee confidentiality agreements	6
F	4	Litigation and Contingent Liabilities	
D	4.1	Legal actions against the company	1
D	4.2	Copies of pleadings	1
D	4.3	Any investigations in the last five years	1
D	4.4	Any litigation in the last five years	1
D	4.5	Notice of proposed rulemaking (NPRM)	8
D	4.6	Product liability open claims with brief description	1
D	4.7	API settlement	4
D	4.8	Blanchette – legal settlement	3
D	4.9	Camtech settlement	15
D	4.10	Product liability loss history for last 10 years	1
D	4.11	Mgmt. Assessment of potential liability out of NPRM	18
D	4.12	FAA 21.3 reporting	25
F	5	Company Contracts and Agreements	
F	5.1	Service Agreements	
D	5.1.1	Cleaning service agreement	7
F	5.2	Loan and Credit Agreements	
D	5.2.1	Guarantees of debt	1
D	5.2.2	Notes payable to any officer, director or employee	1
D	5.2.3	Letters of credit	1
D	5.2.4	Commitments for capital expenditures	1
D	5.2.5	Other contingent liabilities	1
D	5.2.6	Industrial revenue bonds	1
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D	5.2.8.7	Patton Boggs LLP – letter	13
D	5.2.8.8	Revolving credit note	2
D	5.2.8.9	Stock pledge agreement	12
D	5.2.8.10	Subordination agreement	11
D	5.2.8.11	Domestic borrowing base certificate	2
D	5.2.8.12	Revolving credit advance request	2
D	5.2.8.13	GE Capital – account for payment	1
D	5.2.8.14	Secretary's certificate	16
D	5.2.8.15	Financial condition certificate	2
D	5.2.8.16	Letter to Aerospace Products and Farnsworth Industrial	3
D	5.2.8.17	Letter to CAMTech	3
D	5.2.8.18	Letter to CAMTech and Auburn Property Management	3
D	5.2.8.19	Letter to Western Skyways	3
D	5.2.8.20	Assumed name certificate	17
D	5.2.8.21	Joint application for working capital guarantee	8

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TYPE (F - Folder, D- Document)	Index	Title	Pages
D	5.2.8.22	EX-IM revolving credit note	2
D	5.2.8.23	Lessor's agreement	3
D	5.2.8.24	Export-related borrowing base certificate	3
D	5.2.8.25	Export-import bank of the united states working capital guarantee program	21
D	5.2.8.26	Forbearance agreement	11
D	5.2.8.27	First amendment to RCSA	7
D	5.2.8.28	Second amendment to revolving RCSA	5
D	5.2.8.29	Amendment to forbearance agreement	9
D	5.2.8.30	Waiver, third amendment to RCSA and second amendment to forbearance agreement	10
D	5.2.8.31	Waiver, fourth amendment to RCSA and third amendment to forbearance agreement	10
D	5.2.8.32	Fifth amendment to RCSA and fourth amendment to forbearance agreement	11
D	5.2.8.33	Sixth amendment to RCSA and fifth amendment to forbearance agreement	9
D	5.2.8.34	Waiver letter	7
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D	5.4.1	Supplier agreement - Thiebt Aircraft Engines GmbH	15
D	5.4.2	Supplier agreement 2	10
F	5.5	Software and Technology Agreements	
D	5.5.1	Software and equipment agreement - International Business Systems	23
D	5.5.2	Local service agreement - Time Warner Telecom	9
D	5.5.3	Maintenance agreement - Interwest Communications Corporation	4
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D	5.5.5	Enterprise agreement addendum - Cebos	3
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D	5.7.2	Agreements for the acquisition or sale of any business or properties	1
D	5.7.3	Fiduciary or agency agreements, including agreements with finders and brokers	1
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D	7.1	Industrial lease agreement	27
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D	7.4	Hangar rental for test cell location	1
F	8	Marketing, Sales, and Distribution	
D	8.1	Marketing, sales and distribution strategy	2
D	8.2	Marketing examples	3
D	8.3	Top 10 Customers	1
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F	9.1	Tax 2004	
D	9.1.1	US Corporation income taxreturn - 2004	26

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TYPE (F - Folder, D- Document)	Index	Title	Pages
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F	9.2	Tax 2005	
D	9.2.1	Texas corporation franchise tax report - 2005	6
D	9.2.2	Franchise, excise tax return - 2005	8
F	9.3	Tax 2006	
D	9.3.1	Franchise, excise tax return - 2006	6
D	9.3.2	IRS e-file signature authorization for form 1120 - 2006	16
D	9.3.3	US Corporation income taxreturn - 2006	15
D	9.3.4	Extension application - 2006	1
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F	10	Miscellaneous	
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F	10.2	Warranty	
D	10.2.1	Warranty Contingency - 2005-2008	1
D	10.2.2	Warranty report - Open claims	1
D	10.2.3	Warranty report - Part warranty	13
F	10.3	Insurance	
D	10.3.1	Business auto declarations - Chubb	11
D	10.3.2	Property insurance - Chubb	24
D	10.3.3	International commercial insurance - Chubb	14
D	10.3.4	International general liability insurance - Chubb	2
D	10.3.5	International commercial auto liability insurance - Chubb	2
D	10.3.6	Ocean cargo insurance - Chubb	7
D	10.3.7	Commercial excess and umbrella insurance - Chubb	5
D	10.3.8	Workers' compensation and employers liability insurance policy	1
D	10.3.9	Product liability policy	4
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D	10.3.11	Engine Alliance product liability insurance program	4
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D	10.6.6	FIN7 - detailed report of fixed assets	47
D	10.6.7	FSC1 - specific location of all tooling	7
D	10.6.8	FSC2 - excess analysis report	32
D	10.6.9	HR1 - no existing executive compensation plans and agreements	1
D	10.6.10	HR2 - current organization charts	7
D	10.6.11	RDE1-7 R&D requests	1
D	10.6.12	RDE8 - report 1	1
D	10.6.13	RDE8 - report 2	14
D	10.6.14	RDE8 - report 3	15
D	10.6.15	RDE8 - report 4	14
D	10.6.16	S11 - receipt of order to date of delivery	1
D	10.6.17	S7 - organization chart for the sales force	1
D	10.6.18	BS7 - last years Strategic Plan	15
D	10.6.19	AQ1-2	1
D	10.6.20	BS10	3

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TYPE (F - Folder, D- Document)	Index	Title	Pages
D	10.6.21	BS11	1
D	10.6.22	BS16	1
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D	10.6.25	HR3	15
D	10.6.26	INV3	38
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